



Substitute Senate Bill No. 29

Public Act No. 12-149

AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (e) of section 10a-178 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(e) "Institution for higher education" means (1) an educational institution situated within this state which by virtue of law or charter is a nonprofit educational institution empowered to provide a program of education beyond the high school level; or (2) a public educational institution, which, shall be [the state colleges, known collectively as Connecticut State University] any constituent unit, as defined in section 10a-1;

Sec. 2. Section 10a-178 of the 2012 supplement to the general statutes is amended by adding subsection (p) as follows (*Effective July 1, 2012*):

(NEW) (p) "Connecticut Higher Education Supplemental Loan Authority" means the Connecticut Higher Education Supplemental Loan Authority established as a subsidiary of the authority with powers granted pursuant to chapter 187b.

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Sec. 3. (NEW) (*Effective July 1, 2012*) (a) The Connecticut Higher Education Supplemental Loan Authority is constituted as a subsidiary of the Connecticut Health and Educational Facilities Authority. The Connecticut Higher Education Supplemental Loan Authority shall be deemed a quasi-public agency for purposes of chapter 12 of the general statutes and for the purpose of assisting borrowers, as defined in section 10a-223 of the general statutes, and Connecticut institutions for higher education, as defined in said section 10a-223, in the financing and refinancing of the cost of higher education. The Connecticut Higher Education Supplemental Loan Authority shall have all the privileges, immunities, tax exemptions and other exemptions of the Connecticut Health and Educational Facilities Authority and may exercise the powers granted pursuant to chapter 187b of the general statutes, which shall be deemed and held to be the performance of an essential public and government function. The Connecticut Higher Education Supplemental Loan Authority shall be subject to suit and liability solely from the assets, revenues and resources of the Connecticut Higher Education Supplemental Loan Authority and without recourse to the general funds, revenues, resources or any other assets of the Connecticut Health and Educational Facilities Authority. The Connecticut Higher Education Supplemental Loan Authority is authorized, for the purposes set forth in chapter 187b of the general statutes, to mortgage, convey or dispose of its assets and pledge its revenues in order to secure any borrowing, provided each such borrowing or mortgage shall be a special obligation of the Connecticut Higher Education Supplemental Loan Authority, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under chapter 187b of the general statutes to fund, refinance and refund such borrowing and provide for the rights of holders of such bonds, bond anticipation notes or other obligation, and to secure such bonds, bond anticipation notes or other obligation by pledge of revenues, notes and mortgages of others, and which shall

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be payable solely from the assets, revenues and other resources of the Connecticut Higher Education Supplemental Loan Authority. The Connecticut Higher Education Supplemental Loan Authority shall have the purposes which shall be consistent with chapter 187b of the general statutes.

(b) The Connecticut Higher Education Supplemental Loan Authority shall be governed by a board of directors consisting of the following nine members: (1) The State Treasurer, or the Treasurer's designee, who shall serve as an ex-officio voting member; (2) the Secretary of the Office of Policy and Management, or the secretary's designee, who shall serve as an ex-officio voting member; (3) the President of the Board of Regents for Higher Education, or the president's designee, who shall serve as an ex-officio voting member; (4) the chairperson of the board of directors of the Connecticut Health and Educational Facilities Authority; (5) the executive director of said authority; (6) a member of the board of directors of said authority who is an active or retired trustee, director, officer or employee of a Connecticut institution for higher education, appointed by the board of directors of said authority; (7) a member of the board of directors of said authority who is an active or retired trustee, director, officer or employee of a Connecticut institution for higher education, appointed by the board of directors of said authority; (8) a resident of this state with a favorable reputation for skill, knowledge and experience in the higher education loan field, who shall be appointed by the board of directors of said authority; and (9) a resident of this state with a favorable reputation for skill, knowledge and experience in either the higher education loan field or in state and municipal finance, appointed by the board of directors of said authority. Of the four appointed members, not more than two may be members of the same political party. The two members who are members of the board of said authority and active or retired trustees, directors, officers or employees of Connecticut institutions for higher education shall serve

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so long as such member remains a member of the board of said authority or until such time as a successor is appointed. One appointed member shall serve until the earlier of July 1, 2017, or, if such person was a member of the Connecticut Higher Education Supplemental Loan Authority board on June 30, 2012, the date on which such member's then current term was originally scheduled to end. One appointed member shall serve until the earlier of July 1, 2018, or, if such person was a member of the Connecticut Higher Education Supplemental Loan Authority board on June 30, 2012, the date on which such member's then current term was originally scheduled to end. Except as provided in this subsection and notwithstanding the original date of expiration of the term of any person who is an appointed member of the Connecticut Higher Education Supplemental Loan Authority board on June 30, 2012, the term of all such persons shall expire on July 1, 2012. The Connecticut Health and Educational Facilities Authority board shall appoint a member or members each for a term of six years or until his or her successor is appointed and has qualified to succeed the members whose terms expire. Said authority board shall fill any vacancy for the unexpired term. A member of the Connecticut Higher Education Supplemental Loan Authority board shall be eligible for reappointment. Any member of the Connecticut Higher Education Supplemental Loan Authority board may be removed by the appointing authority for misfeasance, malfeasance or wilful neglect of duty. Each member of the Connecticut Higher Education Supplemental Loan Authority board before entering upon his or her duties shall take and subscribe the oath or affirmation required by section 1 of article eleventh of the State Constitution. A record of each such oath shall be filed in the office of the Secretary of the State.

(c) The chairperson of the board of the directors of the Connecticut Health and Educational Facilities Authority shall serve as chairperson of the Connecticut Higher Education Supplemental Loan Authority

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board. The Connecticut Higher Education Supplemental Loan Authority board shall annually elect one of its members as vice-chairman. The Connecticut Higher Education Supplemental Loan Authority board may appoint an executive director, who shall be an employee of the Connecticut Health and Educational Facilities Authority and who shall serve at the pleasure of the Connecticut Higher Education Supplemental Loan Authority board.

(d) To the extent necessary or appropriate to assure that the interest on any of its bonds, notes or other obligations are or continue to be excluded from the gross income of the recipients for federal income tax purposes, the Connecticut Health and Educational Facilities Authority or the Connecticut Higher Education Supplemental Loan Authority shall take such actions to comply with the provisions of the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as from time to time amended, if necessary, to qualify and maintain such subsidiary as a corporation exempt from taxation under said Internal Revenue Code.

(e) The provisions of section 1-125 of the general statutes, subsection (e) of section 10a-185 of the general statutes and this subsection shall apply to any officer, director, designee or employee appointed as a member, director or officer of the Connecticut Higher Education Supplemental Loan Authority. Any such persons so appointed shall not be personally liable for the debts, obligations or liabilities of the Connecticut Higher Education Supplemental Loan Authority as provided in said section 1-125. The subsidiary shall and the Connecticut Health and Educational Facilities Authority may provide for the indemnification to protect, save harmless and indemnify such officer, director, designee or employee as provided by said section 1-125.

(f) The Connecticut Health and Educational Facilities Authority or the Connecticut Higher Education Supplemental Loan Authority may

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take such actions as are necessary to comply with the provisions of the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to qualify and maintain any such subsidiary as a corporation exempt from taxation under said Internal Revenue Code.

Sec. 4. Subdivision (1) of subsection (k) of section 10a-179 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(k) (1) The authority may form one or more subsidiaries to carry out the public purposes of the authority and may transfer to any such subsidiary any moneys and real or personal property of any kind or nature. Any such subsidiary may be organized as a stock or nonstock corporation or a limited liability company. Each such subsidiary shall have and may exercise such powers of the authority as are set forth in the resolution of the authority prescribing the purposes for which such subsidiary is formed and such other powers provided to it by law. Each such subsidiary shall be deemed a quasi-public agency for purposes of chapter 12 and shall have all the privileges, immunities, tax exemptions and other exemptions of the authority, including the privileges, immunities, tax exemptions and other exemptions provided under the general statutes for special capital reserve funds. Each such subsidiary shall be subject to suit provided its liability shall be limited solely to the assets, revenues and resources of the subsidiary and without recourse to the general funds, revenues, resources or any other assets of the authority. Each such subsidiary is authorized to assume or take title to property subject to any existing lien, encumbrance or mortgage and to mortgage, convey or dispose of its assets and pledge its revenues in order to secure any borrowing, for the purpose of refinancing, rehabilitating or improving its assets, provided each such borrowing or mortgage shall be a special obligation of the subsidiary, which obligation may be in the form of bonds, bond anticipation notes

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and other obligations to the extent permitted under this chapter to fund and refund the same and provide for the rights of the holders thereof, and to secure the same by pledge [or] of revenues, notes and other assets and which shall be payable solely from the assets, revenues and other resources of the subsidiary. The authority shall have the power to assign to a subsidiary any rights, moneys or other assets it has under any governmental program including the nursing home loan program. [No borrowing shall be undertaken by a subsidiary of the authority without the approval of the authority.]

Sec. 5. Section 10a-180 of the general statutes is amended by adding subsection (x) as follows (*Effective July 1, 2012*):

(NEW) (x) To provide and be compensated for such services to or on behalf of the Connecticut Higher Education Supplemental Loan Authority as are appropriate for the operation and management of said authority, including, without limitation, to provide to said authority and to be reimbursed for costs associated with such space, equipment, supplies and employees as are necessary and appropriate for the operations of said authority.

Sec. 6. Section 10a-223 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

In this chapter, the following words and terms shall have the following meanings unless the context indicates another or different meaning or intent:

[(a)] (1) "Authority" means the Higher Education Supplemental Loan Authority [established pursuant to section 10a-224] constituted as a subsidiary of the Connecticut Health and Educational Facilities Authority as provided in section 3 of this act;

(2) "Authorized officer" means an employee of the Connecticut Health and Educational Facilities Authority or of the authority who is

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authorized by the board of directors of the authority to execute and deliver documents and papers and to act in the name of and on behalf of the authority;

[(b)] (3) "Authority loans" means education loans by the authority, or loans by the authority from the proceeds of bonds for the purpose of funding education loans;

(4) "Board" means the board of directors of the authority;

[(c)] (5) "Bonds" or "revenue bonds" means revenue bonds or notes of the authority issued under the provisions of this chapter, including revenue refunding bonds or notes;

[(d)] (6) "Bond resolution" means the resolution or resolutions of the authority and the trust agreement, if any, authorizing the issuance of and providing for the terms and conditions applicable to bonds;

[(e)] (7) "Borrower" means a student and any parent who has received or agreed to pay an education loan;

(8) "Connecticut Health and Educational Facilities Authority" means the quasi-public authority established pursuant to section 10a-179, as amended by this act;

[(f)] (9) "Connecticut institution for higher education" means an institution for higher education within the state;

[(g)] (10) "Default insurance" means insurance insuring education loans, authority loans or bonds against default;

[(h)] (11) "Default reserve fund" means a fund established pursuant to a bond resolution for the purpose of securing education loans, authority loans or bonds;

[(i)] (12) "Education loan" means a loan which is made by the

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authority to a student in or from the state, or the parents of such a student, or both, to finance the attendance of the student at an institution for higher education, or a loan by or on behalf of a participating institution for higher education from the proceeds of an authority loan, to a student, or the parents of a student, or both, to finance the student's attendance at such institution;

[(j)] (13) "Loan funding deposit" means moneys or other property deposited by a Connecticut institution for higher education with the authority, a guarantor or a trustee for the purpose of [(1)] (A) providing security for bonds, [(2)] (B) funding a default reserve fund, [(3)] (C) acquiring default insurance, or [(4)] (D) defraying costs of the authority, such moneys or properties to be in such amounts as deemed necessary by the authority or guarantor as a condition for such institution's participation in the authority's programs;

[(k)] (14) "Institution for higher education" means a degree-granting educational institution within the United States authorized by applicable law to provide a program of education beyond the high school level and [(1)] (A) described in Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and exempt from taxation under Section 501(a) of said code with respect to a trade or business carried on by such institution which is not an unrelated trade or business, determined by applying Section 513(a) of said code to such organization or a foundation established for its benefit, or [(2)] (B) exempt from taxation under said code as a governmental unit;

[(l)] (15) "Participating institution for higher education" means a Connecticut institution for higher education which, pursuant to the provisions of this chapter, undertakes the financing directly or indirectly of education loans as provided in this chapter;

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[(m)] (16) "Parent" means any parent, legal guardian or sponsor of a student at an institution for higher education;

[(n)] (17) "Education loan series portfolio" means all education loans made by the authority or by or on behalf of a specific participating institution for higher education which are funded from the proceeds of a related specific bond issue of the authority.

Sec. 7. Section 10a-224 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

[(a)] There is created a body politic and corporate to be known as the "Connecticut Higher Education Supplemental Loan Authority". The authority is constituted a public instrumentality and political subdivision of the state and the exercise by the authority of the powers conferred by this chapter shall be deemed and held to be the performance of an essential public and governmental function. The powers of the authority shall be vested in and exercised by a board of directors which shall consist of eight members, one of whom shall be the State Treasurer, one of whom shall be the Secretary of the Office of Policy and Management and one of whom shall be the president of the Board of Regents for Higher Education, each serving *ex officio*, and five of whom shall be residents of the state appointed by the Governor, not more than three of such appointed members to be members of the same political party. Three of the appointed members shall be active or retired trustees, directors, officers or employees of Connecticut institutions for higher education. At least one of the appointed members shall be a person having a favorable reputation for skill, knowledge and experience in the higher education loan finance field, and at least one of such appointed members shall be a person having a favorable reputation for skill, knowledge and experience in state and municipal finance, either as a partner, officer or employee of an investment banking firm which originates and purchases state and municipal securities, or as an officer or employee of an insurance

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company or bank whose duties relate to the purchase of state and municipal securities as an investment and to the management and control of a state and municipal securities portfolio. Of the three members first appointed who are trustees, directors, officers or employees of Connecticut institutions for higher education, one shall serve until July 1, 1986, one shall serve until July 1, 1987, and one shall serve until July 1, 1988. Of the three remaining members first appointed, one shall serve until July 1, 1983, one shall serve until July 1, 1984, and one shall serve until July 1, 1985. On or before the first day of July, annually, the Governor shall appoint a member or members to succeed those whose terms expire, each for a term of six years and until his successor is appointed and has qualified. The Governor shall fill any vacancy for the unexpired term. A member of the board shall be eligible for reappointment. Any member of the board may be removed by the Governor for misfeasance, malfeasance or wilful neglect of duty. Each member of the board before entering upon his or her duties shall take and subscribe the oath or affirmation required by section 1 of article eleventh of the State Constitution. A record of each such oath shall be filed in the office of the Secretary of the State. The State Treasurer, the Secretary of the Office of Policy and Management and the president of the Board of Regents for Higher Education may each designate a deputy or any staff member to represent him as a member at meetings of the board with full power to act and vote on his behalf.

(b) The chairperson of the board shall be appointed by the Governor with the advice and consent of both houses of the General Assembly. The board shall annually elect one of its members as vice-chairman. The board may appoint an executive director and assistant executive director, who shall not be members of the board and who shall serve at the pleasure of the board. The executive director and assistant executive director shall receive such compensation as shall be fixed by the board.]

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[(c)] (a) The executive director of the Connecticut Higher Education Supplemental Loan Authority shall supervise the administrative affairs and technical activities of the authority in accordance with the directives of the board. The executive director shall keep a record of the proceedings of the authority and shall be custodian of all books, documents and papers filed with the authority, the minute book or journal of the authority, and its official seal. The executive director or [assistant executive director or other person] another authorized officer may cause copies to be made of all minutes and other records and documents of the authority and may give certificates under the official seal of the authority to the effect that such copies are true copies, and all persons dealing with the authority may rely upon such certificates.

[(d)] (b) (1) Five members of the board shall constitute a quorum. The affirmative vote of five of the members of the board shall be necessary for any action taken by the board. No vacancy in the membership of the board shall impair the right of a quorum of members to exercise all the rights and perform all the duties of the board. Any action taken by the board under the provisions of this chapter may be authorized by resolution at any regular or special meeting, and each such resolution shall take effect immediately and need not be published or posted. (2) The board of directors may delegate to three or more of its members such board powers and duties as it may deem proper. At least one of such members shall not be a state employee.

[(e)] (c) Before the issuance of any bonds or notes under the provisions of this chapter, the chairman and vice-chairman of the board of directors, the executive director and [assistant executive director of the authority and] any other member of the board authorized by resolution of the board to handle funds or sign checks of the authority and any other authorized officer shall execute a surety bond in the penal sum of fifty thousand dollars, or in lieu thereof the

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chairman shall obtain a blanket position bond covering the executive director and every member of the board and other employee or authorized officer of the authority in the penal sum of fifty thousand dollars. Each such bond shall be conditioned upon the faithful performance of the duties of the principal or the members, executive director and other authorized officers or employees, as the case may be, shall be executed by a surety company authorized to transact business in the state as surety, and shall be filed in the office of the Secretary of the State. The cost of each such bond shall be paid by the authority.

[(f)] (d) The members of the board shall receive no compensation for the performance of their duties hereunder but each such member shall be paid the necessary expenses incurred by such member while engaged in the performance of such duties.

[(g)] (e) (1) No member of the board or officer, agent or employee of the authority shall, directly or indirectly, have any financial interest in any participating institution for higher education or in any corporation, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity contracting with the authority. Any individual who violates the provisions of this subsection shall be punished by a fine of not less than fifty dollars nor more than one thousand dollars, or by imprisonment for not more than one month, or both.

(2) Notwithstanding the provisions of subdivision (1) of this subsection or the provisions of any other law, [to the contrary,] it shall not be or constitute a conflict of interest or violation of the provisions of said subdivision or the provisions of any other law for a trustee, director, officer or employee of a participating institution of higher education or for a person having the required favorable reputation for skill, knowledge and experience in state and municipal finance or for a

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person having the required favorable reputation for skill, knowledge and experience in the higher education loan finance field to serve as a member of the board; provided, in each case to which the provisions of this subdivision are applicable, such trustee, director, officer or employee of such participating institution of higher education abstains from discussion, deliberation, action and vote by the board in specific respect to any undertaking pursuant to this chapter in which such participating institution of higher education has a direct interest separate from the interests of all of the participating institutions generally, or such person having the required favorable reputation for skill, knowledge and experience in state and municipal finance abstains from discussion, deliberation, action and vote by the board in specific respect to any sale, purchase or ownership of bonds of the authority in which the investment banking firm or insurance company or bank of which such person is a partner, officer or employee has or may have a current or future interest, or such person having the required favorable reputation for skill, knowledge and experience in the higher education loan finance field abstains from discussion, deliberation, action and vote by the board in specific respect to any action of the authority in which any partnership, firm, joint venture, sole proprietorship or corporation of which such person is an owner, venturer, participant, partner, officer or employee has or may have a current or future interest.

[(h)] (f) The board of directors of the authority shall adopt written procedures, in accordance with the provisions of section 1-121, for: (1) Adopting an annual budget and plan of operations, including a requirement of board approval before the budget or plan may take effect; (2) hiring, dismissing, promoting and compensating employees of the authority, including an affirmative action policy and a requirement of board approval before a position may be created or a vacancy filled; (3) acquiring real and personal property and personal services, including a requirement of board approval for any

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nonbudgeted expenditure in excess of five thousand dollars; (4) contracting for financial, legal, bond underwriting and other professional services, including a requirement that the authority solicit proposals at least once every three years for each such service which it uses; (5) issuing and retiring bonds, bond anticipation notes and other obligations of the authority; (6) awarding loans, grants and other financial assistance, including eligibility criteria, the application process and the role played by the authority's staff and board of directors; and (7) the use of surplus funds to the extent authorized under this chapter or other provisions of the general statutes.

~~[(i)]~~ (g) The authority shall continue as long as it shall have bonds or other obligations outstanding and until its existence is terminated by law. Upon termination of the existence of the authority, all its rights and properties shall pass to and be vested in the state of Connecticut.

(h) The provisions of section 1-125, subsection (f) of section 10a-230 and this subsection shall apply to any officer, director or employee of the Connecticut Health and Educational Facilities Authority appointed as a director of the authority and to any employee of the Connecticut Health and Educational Facilities Authority who is an authorized officer of the authority. Any such person shall not be personally liable for the debts, obligations or liabilities of the authority as provided in said section 1-125. The authority shall, and the Connecticut Health and Educational Facilities Authority may, provide for the indemnification to protect, save harmless and indemnify such officer, director or employee of the Connecticut Health and Educational Facilities Authority as provided by said section 1-125.

Sec. 8. Subsection (a) of section 10a-186a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) In connection with the issuance of bonds to finance a project at a

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participating nursing home or to refund bonds previously issued by the authority to finance a project at a participating nursing home, or in connection with the issuance of bonds to effect a refinancing or other restructuring with respect to one or more participating nursing homes as permitted by subsection (b) of this section, to finance dormitories, residential facilities, student centers, food service facilities and other auxiliary service facilities and related buildings and improvements at a public educational institution, [of higher education,] to finance The University of Connecticut Health Center clinical services projects, as defined in subsection (g) of section 10a-114a, or to finance up to one hundred million dollars, in the aggregate, for equipment, including installation and any necessary building renovations or alterations for the installation and operation of such equipment, for participating health care institutions at the discretion of the Secretary of the Office of Policy and Management and the Treasurer, the authority may create and establish one or more reserve funds to be known as special capital reserve funds and may pay into such special capital reserve funds (1) any moneys appropriated and made available by the state for the purposes of such funds, (2) any proceeds of the sale of notes or bonds for a project, to the extent provided in the resolution of the authority authorizing the issuance thereof, and (3) any other moneys which may be made available to the authority for the purpose of such funds from any other source or sources. The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used solely for the payment of the principal of and interest, when due, whether at maturity or by mandatory sinking fund installments, on bonds of the authority secured by such capital reserve fund as the same become due, the purchase of such bonds of the authority, the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such amounts; provided the authority

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shall have power to provide that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such funds to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the bonds of the authority then outstanding or the maximum amount permitted to be deposited in such fund by the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to permit the interest on such bonds to be excluded from gross income for federal tax purposes and secured by such special capital reserve fund, such amount being herein referred to as the "required minimum capital reserve", except for the purpose of paying such principal of, redemption premium and interest on such bonds of the authority secured by such special capital reserve becoming due and for the payment of which other moneys of the authority are not available. The authority may provide that it shall not issue bonds secured by a special capital reserve fund at any time if the required minimum capital reserve on the bonds outstanding and the bonds then to be issued and secured by the same special capital reserve fund at the time of issuance, unless the authority, at the time of the issuance of such bonds, shall deposit in such special capital reserve fund from the proceeds of the bonds so to be issued, or otherwise, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve. On or before December first, annually, there is deemed to be appropriated from the state General Fund such sums, if any, as shall be certified by the chairman or vice-chairman of the authority to the Secretary of the Office of Policy and Management and the Treasurer of the state, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to the authority. For the purpose of evaluation of any such special capital reserve fund,

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obligations acquired as an investment for any such fund shall be valued at market. Nothing contained in this section shall preclude the authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of the authority which are not special capital reserve funds. Subject to any agreement or agreements with holders of outstanding notes and bonds of the authority, any amount or amounts allotted and paid to the authority pursuant to this section shall be repaid to the state from moneys of the authority at such time as such moneys are not required for any other of its corporate purposes and in any event shall be repaid to the state on the date one year after all bonds and notes of the authority theretofore issued on the date or dates such amount or amounts are allotted and paid to the authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged. No bonds secured by a special capital reserve fund shall be issued to pay project costs unless the authority is of the opinion and determines that the revenues from the project shall be sufficient (A) to pay the principal of and interest on the bonds issued to finance the project, (B) to establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds, (C) to pay the cost of maintaining the project in good repair and keeping it properly insured, and (D) to pay such other costs of the project as may be required.

Approved June 15, 2012